

# **WIC VENDOR MANUAL**

**July 2001**

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT:

AGENCY \_\_\_\_\_

ADDRESS \_\_\_\_\_  
\_\_\_\_\_

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**DEVELOPED BY:**

**DEPARTMENT FOR PUBLIC HEALTH**

**DIVISION OF ADULT AND CHILD HEALTH**

**NUTRITION SERVICES BRANCH**

**WIC PROGRAM**

**275 EAST MAIN STREET**

**FRANKFORT, KENTUCKY 40621**

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## INTRODUCTION

The WIC Program is funded by the United States Department of Agriculture and administered through the Kentucky Cabinet for Health Services. Services are coordinated through Local Health Departments and private health facilities.

The WIC Program provides specific nutritious foods along with nutrition education at no cost to the participant. These services are provided to income eligible and nutritionally at risk pregnant, breastfeeding and postpartum women, infants and children up to five (5) years of age. The goals of the WIC Program are: (1) to improve the outcome of high risk pregnancies by decreasing low birth-weight babies, (2) to decrease the incidence of anemia and poor growth patterns; and (3) to improve the dietary habits of its recipients. Each applicant must be certified by a physician, nurse or nutritionist to be at nutritional risk in order to be admitted to the program. Once a client is certified for the program, the parent, guardian, caretaker or proxy receives nutrition education counseling and food instruments, which are redeemable at grocery and drug stores in Kentucky that have a WIC contract. The food items, which can be purchased with the food instruments, are limited to certain types of foods that are selected based on their nutritional content. Participants generally are issued food instruments for a two (2) or three (3) month period, but redeem only one (1) month of food instruments at a time. Most participants must be recertified every six (6) months to maintain eligibility.

You, as an authorized WIC vendor are part of an important effort to improve the health of Kentucky citizens in your community. Proper nutrition at the beginning of life helps prevent many serious health problems that can last a lifetime. WIC gives children a chance to grow up healthy and healthy children do better in school and at leading active, productive lives.

Although everyone needs these special foods at this important time of growth, the people who you will serve as customers have been thoroughly examined by health department personnel and are medically in need of the WIC foods. The special WIC foods are chosen and prescribed as carefully as any drug, and it is very important that no substitution be allowed.

This manual is intended as a guide to help you follow correct procedures in servicing WIC participants. Should you ever have any problems or questions, please contact your WIC Coordinator at the agency with which you have a contract. The agency with which you have a contract will be referred to as the Local Agency throughout this manual. **The WIC Program Vendor Agreement is a contract. It is not a license or property interest and is nontransferable upon change of ownership.**

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## **TABLE OF CONTENTS**

	Page
HOW TO REDEEM A WIC FOOD INSTRUMENT	1
AUTOMATED FOOD INSTRUMENT PRINTED BY AN AGENCY	5
PROPERLY REDEEMED AUTOMATED FOOD INSTRUMENT	6
OTHER FOOD INSTRUMENTS PROPERLY COMPLETED	7
PROPERLY REDEEMED OTHER FOOD INSTRUMENTS	8
VENDOR PAYMENT PROCESS	9
NOTICE TO WIC PARTICIPANTS	10
VENDOR STAMPS	11
WIC VENDOR CORRECTIONS FORM	12
POLICIES FOR FOOD INSTRUMENT REVALIDATION	13
CONDITIONS AND LIMITATIONS FOR REVALIDATION	14
PROCEDURES FOR REVALIDATION	17
VENDOR MONITORING	18
SELLING, CLOSING, RELOCATING OR LEASING	20
RENEWAL OF THE WIC PROGRAM VENDOR AGREEMENT	21
VENDOR TRAINING	24
COMMENSURATE PRICING	25
INSTRUCTIONS FOR COMPLETING THE PRICE LIST	28
WIC VENDOR SALES INFORMATION	29
VENDOR ABUSE	30
ASSISTANCE PROGRAM FRAUD LAW	32

## HOW TO REDEEM A WIC FOOD INSTRUMENT

Various types of WIC Food Instruments will be presented to approved vendors for redemption; handwritten food instruments, preprinted food instruments and computer generated food instruments. When a WIC food instrument is presented, the vendor and the vendor's employees must be aware of the proper redemption procedures so that food instrument will not be rejected for payment by the State Agency contracted bank. For samples of properly completed food instruments by a WIC clinic and a vendor, see the following pages.

Vendors must dispense WIC food items to participants, parents or caretakers of infant or child participants or proxies without requiring other purchases and provide WIC participants, parents, caretakers or proxies the same services given to other customers, exclusive of home delivery.

**A. In order to comply with Program policies, a vendor must:**

- 1. Post the current list of approved WIC foods at each checkout location and allow only the purchase of approved foods specified on the food instrument. A current WIC Approved Food List (WIC-40) should be posted at each checkout stand.**
2. Post the WIC Approved Food shelf tags to identify each authorized food.
3. Accept only food instruments that have the "KY WIC Agency" stamp or the "KY WIC" imprint.
4. Accept only food instruments issued by agencies within the Commonwealth of Kentucky.
5. Accept and redeem food instruments only within the confines of the store.
6. Accept "cents off" coupons for WIC approved food items. The "pay exactly" amount on the food instrument must reflect the amount of cents off. "Buy one get one free" coupons are allowed only when the total amount does not exceed the maximum quantity of the food item on the food instrument or the "get one free" is an item that is not approved for the WIC Program.
7. Honor food instruments only during the period beginning with the "first day to use" and ending with the "last day to use" dates.

8. Separate WIC foods from other purchases and group them according to the food specified on each food instrument. **Compute the total amount for each food instrument.** The total must only be for the actual **authorized** food purchased.
9. Issue only the approved foods in the quantities, which have been specified on the food instrument. If a participant, parent, caretaker or proxy does not purchase all foods listed on the food instrument, the “pay exactly” shall only be for the amount of approved foods received. A participant, parent, caretaker or proxy cannot receive more food than is specified on the food instrument.
10. Enter the “pay exactly” amount on the face of the food instrument. This amount must be entered in ink. The amount must be entered prior to having the participant, parent, caretaker or proxy sign the food instrument.
11. Record the “date redeemed” on the face of the food instrument at the time of purchase and prior to the participant, parent, caretaker or proxy signing the food instrument.
12. Have the participant, parent, caretaker or proxy sign the food instrument.
13. Verify with the Local Agency any food instruments which appear to have been altered, defaced or mutilated prior to redemption.
14. Dispense WIC food items to the participant, parent, caretaker or proxy without requiring other purchases and accord such persons the same services given to other store customers, exclusive of home delivery (as stated in the Vendor Agreement).
15. Imprint the Vendor Stamp in the space provided on the front of the food instrument prior to submission to the bank. Ensure the vendor stamp number can be clearly read.
16. Submit the food instrument for payment within the proper time frames, **no later than sixty (60) days from the “first day to use.”**
17. Comply with all policies contained in this Manual and the terms of the Vendor Agreement.
18. For stores with optical scanners:

- a. **The shelf price is considered to be the correct price.** It is the vendor's responsibility to ensure that the posted shelf prices correspond to those programmed into the check-out scanner. This includes sale prices.
- b. If the scanned price is higher than the shelf price, and the store policy is to give customers the difference, then this policy must be extended to WIC (i.e., the difference could be subtracted from the total purchase price). If the store's policy is to give the incorrectly scanned item for free, then WIC should receive this benefit as well.
- c. A scanner system identifying WIC approved foods is not fail proof, the current WIC Approved Food List is the final authority and should be utilized to avoid confusion.

**B. A Vendor Must Not:**

- 1. Solicit a WIC participant's business or that of a parent, caretaker or a proxy, on the premises of any health department or other authorized WIC Agency.
- 2. Accept or redeem food instruments outside the confines of your store.
- 3. Make any physical changes or alterations to the food instrument.
- 4. Accept food instruments issued by an agency without the "KY WIC Agency" stamp or the "KY WIC" imprint.
- 5. Accept a food instrument that has already been signed.
- 6. Honor food instruments which appear to have been altered.
- 7. Allow "rainchecks," "IOU's," "due bills" or any type of credit. **If a WIC participant, parent, caretaker or proxy does not purchase all of the food on the food instrument at the time of redemption, the person loses the food not received and may not come in at a later time for those foods.**
- 8. Require a participant, parent, caretaker or proxy to purchase all foods on a food instrument if the person does not want all of the foods.
- 9. Substitute any foods or allow more than the amount of food specified on the food instrument.

10. Issue quantities or types of food other than those specified on the food instrument or types or brands of food not on the Approved Food List. However, cheese may be issued in 2 (8 ounce) quantities to equal one pound and cereal may be issued in ounces to equal the total amount specified on the food instrument.
11. Exchange a WIC approved food item except if the WIC food item is damaged, spoiled or beyond its expiration date. In that case, the vendor may exchange the WIC food item for an identical WIC food item. (Same brand, type, and size.)
12. Provide cash to a participant, parent, caretaker or proxy in exchange for WIC food instruments or WIC foods.
13. Allow a WIC participant, parent, caretaker or proxy to exchange WIC foods for cash or other nonapproved items. It is the vendor's responsibility to develop procedures necessary to prevent the improper exchange or refund of foods purchased with WIC food instruments. Such procedures may include not providing a receipt.
14. **Cash food instruments before the "first day to use" date or after the "last day to use" dates.**
15. Charge a participant, parent, caretaker or proxy for WIC foods.
16. Seek restitution from a participant, parent, caretaker or proxy for food instruments not paid by the WIC Program.
17. Require a participant, parent, caretaker or proxy to purchase other foods at the store in order to redeem WIC food instruments.
18. **Charge the Program for foods not obtained by the participant, parent, caretaker or proxy.**
19. **Require a participant, parent, caretaker or proxy to sign food instruments prior to your entering the "date redeemed" or the "pay exactly" amount on the face of the food instrument.**
20. Accept a food instrument that has been signed prior to the actual transaction.
21. Make home deliveries to WIC participants.

See the next pages for examples of food instruments properly completed by both the agency and the redeeming store.

**AUTOMATED FOOD INSTRUMENT  
PROPERLY COMPLETED BY AN AGENCY**

**This information will be on the food instrument after it is properly completed at the Local Agency. The numbers shown with the food instrument above correspond to the information below:**

1. Quantity and type of food items to be selected by the participant, parent, caretaker or proxy.
2. The issuing Agency/Site number.
3. WIC I.D. Number and Name of Participant.
4. Valid Dates - Do not cash before the "First Day to use" or after the "Last Day to Use."
5. WIC Agency imprint.

**THIS IS ONLY AN EXAMPLE OF A FOOD INSTRUMENT.**

**PROPERLY REDEEMED AUTOMATED  
FOOD INSTRUMENT**

**This information will be on the food instrument after it is properly completed by the store cashier. The numbers shown with the food instrument above correspond to the information below:**

1. Date redeemed.
2. Total cost of WIC approved foods selected by the WIC participant, parent, caretaker or proxy.
3. The WIC vendor stamp imprint. The stamp imprint can be made after the transaction is completed.
4. Signature of participant, parent, caretaker or proxy at the store.

**THIS IS ONLY AN EXAMPLE OF A FOOD INSTRUMENT.**

**OTHER FOOD INSTRUMENTS (FIS)  
PROPERLY COMPLETED BY AN AGENCY**

**This information will be on the food instrument after it is properly completed at the Local Agency. The numbers shown with the food instrument above correspond to the information below:**

1. Quantity and type of food items to be selected by the participant, parent, caretaker or proxy.
2. Issuing Agency/Site number.
3. WIC I.D. Number and Name of Participant.
4. Valid Dates – Do not cash before the “First day to use” or after the “Last Day to Use.”
5. WIC Agency imprint

**THIS IS ONLY AN EXAMPLE OF A FOOD INSTRUMENT.**

**PROPERLY REDEEMED OTHER  
FOOD INSTRUMENTS (FIS)**

**This information will be on the food instrument after it is properly completed by the store cashier. The numbers shown with the food instrument above correspond to the information below:**

1. Date redeemed.
2. Total cost of WIC approved foods selected by the WIC participant, parent, caretaker or proxy.
3. The WIC vendor stamp imprint. The stamp imprint can be made after the transaction is completed.
4. Signature of participant, parent, caretaker or proxy at the store.

**THIS IS ONLY AN EXAMPLE OF A FOOD INSTRUMENT.**

## VENDOR PAYMENT PROCESS

In order to receive payment for a food instrument, a vendor must:

- A. Ensure the information on the food instrument has been properly completed as indicated in the section “How to Redeem a WIC Food Instrument.” **If a mistake has been made on the food instrument, refer to the Procedures for Revalidation, for help in correcting the mistake.**
- B. Stamp the food instrument with the WIC vendor stamp in the block specified on the front of the food instrument. **Be sure that the stamp imprint can be clearly read.**
- C. Prepare the food instrument for deposit .
- D. Take the food instrument to the bank of deposit. To be accepted for payment, **food instruments must reach the State Agency contracted bank within 60 days from the “first day to use.”** The Kentucky WIC Program encourages vendors to deposit food instruments on a daily basis. **Do not attach cash register receipts to food instruments being deposited .**
- E. **Review the Procedures for Revalidation, if the food instrument is rejected by the bank, and follow the outlined procedures.**

## **NOTICE TO WIC PARTICIPANTS**

A “NOTICE TO WIC PARTICIPANTS,” a poster can be ordered from your Local Agency. We recommend that this be posted for reference.

## VENDOR STAMPS

Upon authorization as a contracted WIC vendor, a WIC Vendor Stamp will be issued. This stamp has a unique number that identifies each store. Responsibilities for this stamp are:

- A. To use this stamp on all properly completed food instruments redeemed by each store. **Ensure the stamp imprint is readable.** A space has been provided on the front of the food instrument for the WIC vendor stamp imprint.
- B. To ensure the stamp is used in accordance with the policies and procedures of the WIC Program.
- C. To be responsible for any misuse of the stamp, which results in a loss to the WIC Program.
- D. **To return the stamp immediately to the Local Agency upon termination, application of a sanction or nonrenewal of the current Vendor Agreement. TERMINATION OF THE AGREEMENT ALSO REFERS TO THE SALE OF THE STORE TO ANOTHER OWNER.**
- E. To immediately report the loss of, or the damage to, the stamp to the Local Agency. The WIC vendor is responsible for all food instruments that may be stamped with the lost or misplaced stamp, until the stamp loss is reported.
- F. To alert the Local Agency when the stamp is becoming worn or if a new vendor stamp is needed.
- G. **TO NOT REPRODUCE THE VENDOR STAMP.**
- H. **To utilize the stamp only for food instruments redeemed in the store for which the stamp was issued.**
- I. To return the stamp after having a hearing and the Hearing Officer has rendered a decision in favor of the State Agency. A vendor who has had a hearing and the Hearing Officer has upheld the adverse action taken by the State Agency will be notified by either the Local or State Agency as to the date to return the Authorized WIC Vendor Stamp. Even if the decision is made to appeal the hearing decision, the stamp must be returned.

**WIC VENDOR CORRECTIONS FORM**

A Vendor Corrections Form (WIC-37) has been developed for those vendors **vendors who do not utilize dated cash register receipts or cash register validations on the food instruments to have documentation to justify an altered “date redeemed” or “pay exactly.”** Proper completion of this form will allow a vendor to document these correctable mistakes and will aid in the revalidation process. The following instructions apply to this form:

- A. The form must be properly completed at the time of the transactions. Review and follow the instructions for completion, which are printed, on the back of the form.
- B. The participant’s, parent’s; caretaker’s or proxy’s signature must be obtained at the time of the transaction.**
- C. A food instrument with the “pay exactly” and “date redeemed” altered must be revalidated by the Local Agency before payment can be made.
- D. The white copy of the properly completed form must be submitted to the Local Agency along with the food instrument(s) to be revalidated.
- E. The form is to be requested from the Local Agency.

## POLICIES FOR FOOD INSTRUMENT REVALIDATION

A food instrument is edited at the State Agency contracted bank for accuracy and is rejected if it does not meet Program requirements. Reasons for rejection include Agency or vendor stamp missing, stale check, date redeemed invalid, missing or altered and signature missing. A vendor may notice errors prior to submission to the local bank. Limited provisions have been made for revalidating some of the food instruments that are not properly completed. Revalidation for a food instrument with errors may be done only by the Local Agency either prior to submission for payment or after it has been rejected by the bank. It is recommended that food instruments with errors be submitted to the Local Agency for revalidation prior to depositing in the bank.

- A. A revalidation may be done only for the conditions outlined in the Conditions and Limitations for Revalidation and must not exceed the frequency specified.
- B. Any food instrument presented after sixty (60) days from the “first day to use” must be revalidated before the contracted bank will accept the instrument for payment. **A food instrument presented for payment or revalidation after ninety (90) days from the “first day to use” is not eligible for revalidation without prior approval from the State Agency.**
- C. Justification and documentation must be made to the State Agency by the vendor through the Local Agency if **extenuating** circumstances exist which prevent a vendor - from submitting a food instrument for payment or revalidation within the specified time frame. Negligence in the timely submission of the food instrument is not an extenuating circumstance. The State Agency will then consider approving payment. If the total of food instruments exceeds five hundred dollars (\$500), prior approval must be obtained from the FNS Regional Office.
- D. **Limits have been set on the number of times that a vendor may receive revalidations for specific reasons and some revalidations are on a one time only basis. A one time only basis is defined as one time only for that specific problem for the contract year.** Also, one time only pertains to one time only submission of food instruments, not just one food instrument. For example, if three (3) food instruments are sent at the same time for a “date redeemed invalid,” which are not dated within the valid dates, all three (3) will be revalidated on a one time only basis. No more revalidations for this specific reason can be given.
- E. The Local Agency will notify a vendor, in writing, when a one time only revalidation has been given. A copy of the letter will be retained in the file at the Local Agency.
- F. **Once a food instrument has cleared (has been paid by) the State Agency contracted bank, then revalidation cannot be given for any reason for a food instrument found to be improperly redeemed.**

**CONDITIONS AND LIMITATIONS FOR REVALIDATION**

The following instructions have been provided to all Local Agencies regarding revalidations. Do not request that the Local Agency change these policies. The following are the errors and conditions for revalidation:

**A. STALE CHECK**

The bank rejects a food instrument submitted after sixty (60) days from “first day to use.” The Local Agency will revalidate this type of food instrument if it is within the ninety (90) days from the “first day to use.” The following procedures apply to **stale checks, provided the instruments are properly completed:**

1. **If the State Agency contracted bank has rejected the food instrument due to it reaching the bank more than sixty (60) days,** but less than ninety (90) days, a revalidation stamp from the Local Agency is necessary for payment to be made.
2. **If the vendor has failed to submit the food instrument in sixty (60) days** but it will reach the State Agency contracted bank in less than ninety (90) days, a revalidation stamp is necessary for payment.
3. There is **no limit to this type of revalidation,** however, a food instrument should be submitted in a timely manner in order to avoid delays or denial of payment.
4. **If the food instrument is over ninety (90) days from “first day to use,”** it cannot be revalidated without State Agency approval.

**B. AGENCY STAMP MISSING**

1. **If the food instrument has not been to the bank,** return the food instrument to the Local Agency for revalidation.
2. **If the bank has rejected the food instrument,** return the food instrument to the Local Agency for revalidation.

**C. VENDOR STAMP MISSING**

1. **Place your vendor stamp in the appropriate block.**
2. If the food instrument will reach the State Agency contracted bank in less than sixty (60) days from the “first day to use,” no revalidation stamp is required. If the food instrument will not reach this bank in less than ninety (90) days from the “first day to use,” return it to the Local Agency for revalidation.

## D. DATE REDEEMED INVALID

1. **If the date redeemed is not within the valid dates**, the Local Agency must always revalidate the food instrument before payment can be made. **Revalidation is on a one time only basis per contract year.**
2. **If the date is missing and the bank has rejected the food instrument**, present documentation to the Local Agency to substantiate a valid date of redemption. **Sufficient documentation is one (1) machine dated cash register receipt, machine dated cash register validation showing the date on the food instrument, or a deposit date. Revalidation is unlimited with sufficient documentation.** The Local Agency must place a revalidation stamp on the food instrument before it can be redeposited. **Revalidation for this condition is one time only per contract year without proof.**
3. **If the date is altered**, present documentation to the Local Agency to substantiate a valid date redeemed. **Sufficient documentation is one (1) machine dated cash register receipt or a machine dated cash register validation showing the date on the food instrument.** A properly completed WIC Vendor Corrections Form can only be used when a vendor does not have a cash register. **Revalidation is unlimited with sufficient documentation.** The Local Agency must place a revalidation stamp on the food instrument before it can be redeposited. **Revalidation for this condition is on a one time only basis per contract year without proof.**

## E. PAY EXACTLY ALTERED

1. **If the food instrument is missing the “pay exactly” amount and the bank has rejected the food instrument**, documentation must be provided to the Local Agency to substantiate the amount of purchase. **One (1) machine dated cash register validation on the food instrument or a machine dated cash register receipt is considered documentation.** The Local Agency must place a revalidation stamp on the food instrument. **If sufficient and proper documentation is provided, revalidation is unlimited.**
2. **If the “pay exactly” amount is altered in any manner**, the amount must be proven. **One (1) machine dated cash register receipt is considered proof.**

A second cash register receipt or cash register validation will be accepted only in those instances where an item was omitted from the original total. In this instance, the cash register receipt or cash register validation must be next transaction on the same cash register. A properly completed WIC Vendor Corrections Form can only be used when a vendor does not have a cash register. **If sufficient and proper documentation is provided revalidation is unlimited.** The Local Agency must place a revalidation stamp on the food instrument before payment can be made. **The limit on revalidation without proof is on a one time only basis per contract year.**

F. SIGNATURE MISSING

**If the food instrument has been rejected by the bank for a missing signature,** the food instrument must have a revalidation stamp before payment can be made. **Revalidation is one time only per contract year.**

G. PRICE ADJUSTMENTS

The Local Agency may make a price adjustment to any food instrument submitted for revalidation. For example, if the cash register receipt indicates that unapproved food(s) were allowed, the Local Agency will adjust the pay exactly amount by deducting the price of the unapproved food(s) and entering the correct total only for WIC approved foods. The Local Agency must place a revalidation stamp on the food instrument before payment can be made. Revalidation is unlimited.

## PROCEDURES FOR REVALIDATION

An error may be made on a food instrument during the redemption process; it is easy to correct some of the errors if the procedures in this manual are followed. In order to have a food instrument revalidated by the Local Agency, a vendor must:

- A. Take or mail the food instrument to be revalidated to the agency with which there is signed a Vendor Agreement. The Local Agency will establish the specific procedures on where to take or mail the food instrument which needs revalidation. **A food instrument should be revalidated prior to submission to the bank.**
- B. Submit the food instrument to the Local Agency with the necessary information which supports the revalidation request (See the Conditions and Limitations for Revalidation). **Do not send documentation to the bank of deposit.**
- C. Submit the food instrument to the Local Agency within sixty (60) days from the “first day to use”.
- D. Return the food instrument to your bank within sixty (60) days from the “first day to use,” if revalidated, unless otherwise directed. **This food instrument must clear the State Agency contracted bank within ninety (90) days from the “first day to use.” If it does not clear the bank within the specified time frames, the State Agency will apply a claim (request money back) for the improperly redeemed food instrument that has been revalidated.**

**It is a violation of the Agreement if a participant’s identity, address, social security number or telephone number is obtained in order to ask a participant, parent, caretaker or proxy to pay for a food instrument which has an error, has been denied revalidation, or for which the State Agency has applied a claim.**

## VENDOR MONITORING

In order to assure compliance with the requirements of the WIC Vendor Agreement and State and Federal WIC Regulations, the WIC Program conducts at least four (4) types of vendor monitoring which include on-site monitoring, reviewing cashed food instruments, conducting compliance investigations (undercover monitoring for Program compliance) and audits (reviewing wholesaler invoices).

On-site monitoring of a store will be conducted by the State Agency and will include but will not be limited to:

- A. Compliance with the terms of the WIC Vendor Agreement and the criteria for renewal of Vendor Agreements. (See the Renewal of the WIC Program Vendor Agreement.)
  - 1. Adequate stock of WIC food items: The stock must be either in the store or the store's stockroom. Expired foods do not count toward inventory.
  - 2. Prices of WIC food items: Prices must be marked on the shelf, food item or display case.
  - 3. The retail market permit: a store must have a valid Retail-Food Establishment or Retail Food Store Number.
- B. Redemption of food instruments in accordance with the terms of the Agreement and WIC policies and procedures.
- C. Inspection of store premises and records.
- D. Answering questions regarding the WIC Program including providing additional training or technical assistance.
- E. Discussion of participant or vendor complaints.

A monitoring form is used by the State Agency to document these visits. These visits are opportunities for the vendor to receive training, discuss problems and ask questions.

If a problem is discovered regarding inventory or the pricing of food items, will be indicated on the Monitoring Form, a copy of which is left with the vendor by the State Agency Monitor.

If the monitor notes other problems during the on-site visit, the problems will be referred to the vendor in writing. If the problems are not corrected within the time frames given, the vendor Agreement will be terminated or not renewed. **If the Agreement is terminated or not renewed for lack of inventory or not pricing food items, the period of disqualification will be for a period of sixty (60) days, from the date the WIC Vendor Stamp is received by the Local Agency. The vendor must reapply for the Program.**

**If at any time the vendor receives a second termination for a lack of inventory or neglecting to price items, the vendor will be disqualified for a period of one hundred and twenty (120) days; for a third occurrence, the vendor will be disqualified and cannot reapply for one (1) year.**

Additionally, the State Agency investigates the validity of payment of certain food instruments. The State Agency retains a copy of every food instrument cashed. These can be identified to each vendor. These food instruments will be checked to determine if they are properly completed, properly redeemed and if the price charged is in keeping with the vendor's pricing information. If problems with the redemption of food instruments are detected, the vendor will receive a claim letter requesting reimbursement for the determined amount in accordance with the Vendor Agreement and Administrative Regulation 902 KAR 4:040.

If a claim is brought against the vendor due to possible overcharges, justification of the price charged may be made by submitting copies of shelf price records of WIC approved foods which pertain to the period of time during which the food instruments were redeemed. It is recommended that shelf price records and wholesaler invoices pertaining to WIC approved foods be retained for six (6) months. Please be aware that if the scanned price is higher than the shelf price and the WIC Program is charged the higher price, this will be considered as an overcharge.

The State Agency is required to conduct undercover investigations of WIC vendors to determine adherence to WIC policies and procedures. The Food Stamp Program (Food and Nutrition Service) and Office of Inspector General cooperate with the State Agency in these investigations. If problems are discovered, the vendor will be notified in writing of the sanctions to be imposed in accordance with Administrative Regulation 902 KAR 4:040 which notes the type of abuse and the sanction for that abuse and outlines the appeal procedure.

The State Agency also performs audits of a vendor's stock of WIC approved foods. The procedure will include reviewing the invoices of WIC approved foods purchased from wholesalers and reviewing these records against food instruments redeemed by the vendor. If problems are discovered, the vendor will be sanctioned in accordance with Administrative Regulation 902 KAR 4:040.

## SELLING, CLOSING, RELOCATING OR LEASING

The WIC Program Vendor Agreement is a contract, which is nontransferable and becomes null and void upon change in ownership. **The contract does not constitute a license or property interest.** If the vendor owner sells the business, ceases operations, relocates or leases the operation of the business, please follow the following procedures:

- A. **Notify the contracting agency, in writing, immediately.**
- B. **If the business is sold, leased, or relocated,** explain the circumstances surrounding the change of the business. These circumstances will determine whether the vendor stamp is returned and WIC business ceases or if WIC business continues as usual. The following general rules apply:
  1. If the owner (individual or corporation) of a store sells to a new owner (individual or corporation), surrender the authorized vendor stamp to the Local Agency. **If the stamp is not surrendered and the new owner continues to do WIC business using that WIC Vendor Stamp, a monetary claim will be imposed by the State Agency.**
  2. If the co-owner of a store sells the business to another co-owner, notify the Local Agency. The State Agency may allow the new owner to continue to use the vendor stamp. **The new owner must sign another agreement.**
  3. If the owner (individual or corporation) of a store leases the store to another person (individual or corporation), surrender the vendor stamp to the Local Agency. If the stamp is not surrendered and the individual or corporation leasing the store continues to do WIC business using that WIC Vendor Stamp, a monetary claim will be imposed by the State Agency.
  4. If the store is being relocated, notify the Local Agency of the change of address by the close of business on the last day of business at the location specified on the WIC Program Vendor Agreement on either page 1 or Attachment B.
- C. If the store is being closed, surrender the stamp to the Local Agency at the close of business on the last day of business.. The stamp is the property of the WIC Program
- D. If the sole owner of an authorized WIC vendor dies, surrender the vendor stamp to the Local Agency. If the stamp is not surrendered when requested, the State Agency will impose a monetary claim.
- E. If the name of the store changes during the contract year, but the ownership remains the same, notify the Local Agency. The Local Agency will notify the State Agency of the new name of the store. WIC business continues as usual.

**RENEWAL OF THE WIC PROGRAM VENDOR AGREEMENT**

Vendor Agreements must be renewed with the contracting agency on a yearly basis, beginning October 1. **Agreements will be renewed only if the vendor has continued to meet the criteria to be a WIC Vendor and has been abiding by the conditions of the Vendor Agreement.** The contracting agency will notify each vendor in their respective area of the time to renew the Agreement. Once the vendor and the Local Agency sign the Agreement, the State Agency must approve it. If it is approved, a copy of the original Agreement will be returned to the vendor. The Agreement should be kept by the vendor for reference. In order to be a WIC Vendor in good standing, a vendor must:

- A. Provide all information, including pricing and sales volume, requested by the State Agency.
- B. Abide by the conditions of the Vendor Agreement.
- C. Stock, **at all times**, minimum inventory in accordance with the “Quantified Minimum Inventory Requirements” which is Attachment C of the Vendor Agreement. The stock must be in the store or in the store’s stockroom. Expired foods do not count toward meeting inventory. Pharmacies need to be able to supply formula within forty-eight (48) hours of verbal request in accordance with “Quantified Minimum Inventory Requirements.”
- D. Be in compliance with the Kentucky Retail Food Code (902 KAR 45:005) and have a valid Retail Food Store or Retail Food Establishment Permit under the current owner’s name.
- E. Have prices commensurate with the area’s other retail outlets. (See Commensurate Pricing.)
- F. Not be disqualified or withdrawn by U.S.D.A. from participation in another FNS Program nor denied application to participate in the Food Stamp Program. Not be currently paying a civil money penalty to the Food Stamp Program; or not have been assessed a civil money penalty for hardship by the Food Stamp Program and the disqualification period that would otherwise have been imposed has not expired.

- G. Be renewing an agreement for a business whose primary purpose is a retail grocery. (Does not apply to drug stores.) **Direct distribution outlets and wholesale food establishments are not eligible.** A retail firm whose primary business is something other than a retail grocery is not normally eligible for the Program. This includes dairies, gas stations, specialty stores, liquor stores, home delivery groceries, bait shops, etc. In order for one of these retail firms to be authorized, the applicant must have a recognized grocery department in a stationary location which is a separate and distinct area and stock staple food items in addition to WIC approved foods. Staple food items are defined as meat, poultry, fish, bread and breadstuffs, cereals, vegetables, fruit, fruit and vegetable juices, dairy products and the like. Food items such as coffee, tea, cocoa, carbonated and uncarbonated drinks, condiments and spices are not considered to be staple foods. **A retail grocery shall have:**
- 1) A separate area as defined above;
  - 2) Fifteen percent (15%) of their gross sales in **nontaxable food sales** excluding their specialty products. (Bakery goods for bakery, produce for fruit and vegetable stands.) Dairies and home delivery groceries will not be approved if they operate solely mobile operations.
- H. Be open for business year round, on a full time basis, at least eight hours per day and six days per week.
- I. The State agency may not authorize an applicant vendor if, during the last six (6) years, the vendor applicant's current owners, officers, or managers have been convicted of or had a civil judgment for:
- 1) Fraud;
  - 2) Antitrust violation;
  - 3) Embezzlement, theft, or forgery;
  - 4) Bribery;
  - 5) Falsification or destruction of records;
  - 6) Making false statements or claims;
  - 7) Receiving stolen property;
  - 8) Obstruction of justice;
  - 9) Other evidence reflecting on the business integrity and reputation of the applicant; or
  - 10) Official records of removal from other federal, state or local programs.

- J. The WIC Program shall not authorize a store that has attempted to circumvent a period of disqualification from the program. This includes a store that has undergone a sale or change of operation if the transaction involves the following parties:
  - (a) The seller or transferor is an owner, operator, or manager who is currently suspended, sanctioned, or disqualified from the WIC Program or the Food Stamp Program; and
  - (b) The buyer or transferee is related to the seller by marriage or consanguinity within the fourth degree, or was a manager or employee of the seller at the time the sanction, suspension or disqualification was issued or the violation occurred.
- K. Be accessible to monitoring by State and Federal officials without prior notice.
- L. No contracts shall be entered into with a provider when a conflict of interest, real or apparent, will occur. Contracts will not be entered into with local health department employees nor with governing local board of health members.
- M. **In addition to nonrenewal of a contract beginning October 1 of the year, contracts also include an extension period from July 1 through September 30 of the year. Agreement will also be nonrenewed (nonextended) effective July 1, if a store fails to continue to abide by the contract or fails to meet the criteria to be a WIC vendor.**

NOTE: **Expiration or nonrenewal of a contract is not subject to appeal.**

## VENDOR TRAINING

Training of vendors is provided to prevent Program errors, Program abuse and to improve Program service. A representative from each store's location must attend the training session. The owner of the store is responsible to send appropriate employees (such as the manager or head cashier) to training and to keep appropriate employees informed of current policies, procedures and regulations of the Program. Training will be provided in the following manner:

1. Upon request for technical assistance for items such as: training of new employees, review of approved foods, review of redemption procedures, etc.
2. Upon the State Agency's request.
3. At Vendor Agreement renewal time:
  - A. The contracting Agency will provide information concerning training.
    - (1) The vendor will be notified of the time and place and date of the training session.
    - (2) **Attendance is required.**
    - (3) **If the owner or an appropriate employee does not attend the scheduled training, the contract will not be renewed. The vendor will need to turn in the WIC vendor stamp at the end of the contract period. A vendor cannot reapply for sixty (60) days from the day the stamp is returned to the Local Agency. The second occurrence of the vendor failing to attend required training will result in a one hundred and twenty (120) day disqualification and the third occurrence will result in a one (1) year disqualification.**
    - (4) The owner or the designated representative of each store is responsible for ensuring all employees are properly trained. It is recommended that all new store staff be required to review the current WIC Vendor Manual, the current Approved Food List, as well as taking the cashier's test and reviewing the cashier handbook.
4. **If a vendor has exhibited a pattern of overcharging based upon routine monitoring visits, which have resulted in two (2) overcharge letters being sent to the vendor, then the State Agency shall require training for that vendor.**

## PRICE LIMITATIONS AND COMMENSURATE PRICING

In order to ensure that the WIC Program can serve the greatest number of participants for the amount of food dollars that are allocated each year, the State Agency reviews the prices charged for WIC foods. A vendor must have prices which are commensurate to other WIC stores. Price limitations for each food package type will be set by the State Agency.

A. The following procedures will be used for reviewing commensurate pricing for contract renewal:

1. A pregnant and breastfeeding woman, child and infant's (concentrated formula) food package will be calculated for each store based upon the prices submitted on the Price List (WIC-24). The following examples are the structures of the food packages:

- a. A woman's food package is:  
Milk - 6 gallons  
Cheese - 1 pound  
Eggs - 2 dozen  
Cereal - 36 ounces  
Juice - 6-46 ounce containers  
Peanut Butter - 1-18 ounce container
- b. A child's food package is:  
Milk - 4 gallons  
Cheese - 1 pound  
Eggs - 2 dozen  
Cereal - 36 ounces  
Juice - 6-46 ounce containers  
Peanut Butter - 1-18 ounce container
- c. An infant's food package is:  
Formula - 31-13 ounce containers iron-fortified concentrate  
Infant Cereal - 2-8 ounce boxes  
Infant Juice - 15-4.0 ounce containers

- 1. The computer will calculate the mean price of each food package for each classification of store within the Region (Area Development District) and the State. The classification of stores will be designated as Class I, Class II, Class III, Class IV and Class V stores. Class I stores have reported yearly food sales of \$200,000 or below. Class II stores have reported yearly food sales of \$200,001-\$1,500,000. Class III stores have reported yearly food sales above \$1,500,000. Class IV stores are national chains such as: Food Lion, Kroger and Winn Dixie. Class V stores are discount groceries and hypermarkets (e.g., Save-A-Lots, Wal-Marts, Meijers, - etc.).
- 3. The computer will also calculate the mean price for each food item by type of store within the region and the State.

4. If a vendor's prices are ten percent (10%) [or more] above the State Mean for its type and ten percent (10%) [or more] above the Region Mean for its type for any food package, the vendor will receive a letter to negotiate prices for the next fiscal year, in order to have the Vendor Agreement renewed.
  5. A vendor who receives a letter will be instructed to contact the State Agency for the food item prices which need to be lowered in order to meet the criteria. The State Agency will provide the vendor the mean price per food item for the region, or will help to adjust prices. The vendor can then manipulate his or her own food prices to meet the criteria or agree to a negotiated price. The vendor must submit a Price List which meets the pricing criteria in order to have the contract renewed. **The prices negotiated must be an actual price displayed on the food package or container, or on the display case or shelf.**
  6. **The negotiated prices must be maintained until another Price List is requested by the State Agency and submitted by the vendor. At that time, higher prices may be submitted for review.**
  7. **If a vendor has received a letter for high prices and does not negotiate his prices, the contract will not be renewed.**
  8. **A vendor whose contract is not renewed due to the above reasons cannot reapply for sixty (60) days from the day the WIC Vendor Stamp is returned to the Local Agency. If there is a second occurrence it will result in one-hundred and twenty (120) day disqualification and the third occurrence will result in a one (1) year disqualification.**
- B. Monitoring of Commensurate Pricing and Price Limitations Throughout the Year:
1. In order to not allow vendors to negotiate prices and then increase the prices after negotiation:
    - a. The State Agency will review two (2) vendor reports which indicate vendors redeeming any WIC Food Package above the mean price for the region or the State and one which indicates vendors redeeming food instruments above an estimated shelf price. A review of redeemed food instruments will be conducted and the appropriate action will be taken.

- b. The State Agency will also request Price Lists throughout the Fiscal Year and utilize the same methods as outlined in the procedures for reviewing commensurate prices for contract renewal.
    - 1) If a vendor receives a letter based upon this review and does not negotiate prices, the contract will be terminated or not renewed.
    - 2) A vendor whose contract is terminated or not renewed due to this reason cannot reapply for sixty (60) days from the date the WIC Vendor Stamp is returned to the Local Agency. A second occurrence will result in a one hundred and twenty (120) day disqualification and a third occurrence will result in a one (1) year disqualification.
- C. **If the store has been required to negotiate prices, the price negotiated must be an actual shelf price.** The prices cannot be changed until the next time the Price List is received and then the vendor submits new current retail market price for evaluation. Food instruments redeemed for prices above the amounts negotiated will be considered as overcharges and appropriate action will be taken.
- D. Price Limitation - The State Agency will set a maximum price, price not to exceed, for certain food items. If a vendor charges in excess of these set prices, the food instruments will be considered as overcharges and appropriate action will be taken.

## INSTRUCTIONS FOR COMPLETING WIC APPROVED ITEMS PRICE LIST

The WIC Program will provide a price list to be completed.  
These are the instructions for completion.

1. **Vendor Number** – Enter the authorized WIC Vendor Number, if applicable as it appears on Vendor Stamp.
2. **Date Completed** - Enter the numerical month, day and year on which the Price List is completed. For example, April 6, 2001 = 040601
3. **Name of Store** - Print the name of the store.
4. **Signature of Store Contact** - Signature of person providing information. Review the instructions for the form, paragraphs 7 and 8, prior to completing and signing the form.
5. **Title of Store Contact** - Title of person providing information.
6. **Prices** - Complete prices for the WIC approved foods as requested by the instructions on the back of the Price List. SEE ATTACHMENT A OF THE WIC PROGRAM VENDOR AGREEMENT FOR THE WIC APPROVED FOODS. **PRICES ARE TO BE THE SHELF PRICES OF WIC APPROVED FOODS IN STOCK.**
7. Read the certification statement: I do hereby certify that the items listed on this form were available at the store indicated and the prices entered were the actual shelf price. I understand this information is to be used to judge my inventory as set forth in the WIC Program Vendor Agreement item 1(b), is used in the review of prices charged on WIC food instruments and is used to judge commensurate pricing as set forth in the Vendor Agreement. **I understand that if my contract is terminated or nonrenewed for commensurate pricing, failure to meet inventory or failure to properly mark the price of WIC food items, I cannot reapply for sixty (60) days from the day that I return my stamp for the first occurrence. A second occurrence will result in a 120 day disqualification and a third occurrence will result in a one (1) year disqualification.**
8. Return this form as directed.

## WIC VENDOR SALES INFORMATION

The WIC Vendor Sales Information Form (WIC-16) serves to document whether a vendor's **nontaxable food sales** continue to be fifteen percent (15%) of the gross sales, which is a criterion to continue to be a WIC vendor. It also serves to classify each store as a Class I, Class II, Class III, Class IV or Class V store (see Commensurate Pricing for definition) for use in the State Agency's computer reports.

This form is to be completed upon the request of the State Agency. If the form is not completed and returned to the State Agency within the proper time frames, the contract will be terminated or not renewed.

**If the contract is terminated or not renewed for not returning the Vendor Sales Information Form, a vendor cannot reapply for sixty (60) days from the day when the WIC Vendor Stamp is returned to the Local Agency. For a second occurrence of not returning the form, the vendor store will be disqualified for one hundred and twenty (120) days; for a third occurrence, one (1) year.**

Additionally, please be aware that Food Sales are the nontaxable sales done by the store. Gross Sales are the total taxable and nontaxable sales done by the store; including gas, pharmacy, bait, deli, video rental, etc. Sales from lottery, money orders and any service offered as commission services (e.g. Ticket Master), hunting/fishing licenses are not to be reported as gross sales.

1. Instructions for completing the form are on the back of the form.
2. Keep the second page of this form (copy) for the store's records.
3. Return this form as directed.

## VENDOR ABUSE

It is the intent of the Kentucky WIC Program to prevent vendor abuse. A vendor who enters into a WIC Vendor Agreement attests that he is “knowledgeable and aware that a vendor who commits fraud or abuse of the Program is liable to prosecution under the applicable Federal, State or Local Laws.” Any action concerning abuse and the imposition of sanctions will be brought by the **State Agency**, based upon sufficient documentation. Notices of sanctions will be sent by certified mail or hand delivered to the last known mailing address. A vendor will be sanctioned based upon the types of abuse as stated in the Administrative Regulation 902 KAR 4:040. Any vendor who is terminated (sanctioned) from the Program, or is denied participation, will be informed of his right to appeal. However, the disqualification of a vendor from the WIC Program which is a result of a disqualification from the Food Stamp Program is cannot be appealed. The Administrative Regulation 902 KAR 4:040 gives the appeal procedures.

In the rare case the State Agency has determined that a vendor cannot be disqualified from the Program due to inadequate participant access as defined by the State Agency, the agency will impose a civil money penalty (CMP). The civil money penalty will be calculated as follows:

1. Determine the vendor’s average monthly WIC redemptions for the six (6) month period ending with the month immediately preceding the month during which the store was charged with violations (date of sanction letter).
2. Multiply the average monthly redemptions figure by 10 percent (10%);
3. Multiply the product from Step 2 by the number of months for which the store would have been disqualified. This is the amount of CMP. The amount of the CMP may not exceed \$10,000 for each violation. Following is an example of calculation a CMP for one (1) violation using this methodology:

### Monthly WIC Redemptions

Jan. - \$10,000	Apr - \$ 9,000
Feb. - \$ 8,500	May - \$ 7,000
Mar. - \$12,300	June - \$ 5,000

Average Monthly Redemptions	\$8, 633.00
Multiply by 10 Percent.....X	.10
	\$ 863.00

Proposed disqualification	
Period = 3 years or 36 months	X 36

Calculated Civil Money Penalty.....\$31,068.00  
Actual Civil Money Penalty for one (1) violation.....\$10,000.00

4. If one vendor violation would result in a permanent disqualification, the amount of the CMP shall be \$10,000.
5. If an investigation results in more than one vendor violation as listed in 902 KAR 4:040, a CMP will be imposed for each violation.
6. The total amount of a CMP for an investigation, which may include several violations, cannot exceed \$40,000.

## ASSISTANCE PROGRAM FRAUD LAW

The Kentucky 1979 Extraordinary Session of the General Assembly enacted an Assistance Program Fraud Law in an effort to prevent abuse of assistance programs.

The WIC Program, as well as the Food Stamp Program, is covered by this Law.

The Law outlines prohibited activities which apply to recipients and vendors, as well as Local Agency and Departmental personnel. Penalties may be imposed against persons determined to have committed intentional fraud against an assistance program. Penalties range from a Class A misdemeanor to a Class D felony.

A copy of the amended Law, effective July 15, 1998, appears on the following pages.

Assistance Program Fraud

**194A.500 Definitions for KRS 194A.505.**

As used in KRS 194A.505:

- (1) “Assistance program” means any program administered by the cabinet;
- (2) “Benefit” means receipt of money, goods, or anything of pecuniary value from an assistance program;
- (3) “False statement or misrepresentation” means a statement or representation knowingly made by a person to be false; and
- (4) “Provider” means an individual, corporation, association, facility, or institution that is providing or has been approved to provide medical assistance to recipients under the Medical Assistance Program.

**Effective:** July 15, 1998

**History:** Created 1998 Ky. Acts ch. 426, sec. 23, effective July 15, 1998.

**194A.505 Prohibited activities – Commencement of proceedings for enforcement.**

- (1) No person shall, with intent to defraud, knowingly make a false statement or misrepresentation or by other means fail to disclose a material fact used in determining the person’s qualification to receive benefits under any assistance program.
- (2) No person shall, with intent to defraud, fail to report a change in the factors affecting the person’s eligibility for benefits.
- (3) No person shall, with intent to defraud, knowingly use, attempt to use, acquire, transfer, forge, alter, traffic, counterfeit, or possess a medical identification card or unique electronic authorization codes or numbers or electronic personal identification numbers in any manner not authorized by law.
- (4) No person having responsibility for the administration of an assistance program shall, having knowledge that it is in violation of the law, knowingly aid or abet any person in obtaining benefits to which the person is not legally entitled, or in obtaining a benefit amount greater than that to which the person is fully entitled.
- (5) No person shall misappropriate or attempt to misappropriate a Medicaid identification card or misappropriate other benefits from any program with which the person has been assigned responsibility, nor shall the person knowingly fail to report any of these activities when it is clearly in violation of the law.
- (6) No person shall, with intent to defraud or deceive, devise a scheme or plan a scheme or artifice to obtain benefits from any assistance program by means of false or fraudulent representations or intentionally engage in conduct that advances the scheme or artifice.

- (7) No person shall aid and abet another individual in acts prohibited in subsections (1) to (6) of this section knowing it to be in violation of the law.
- (8) The Attorney General on behalf of the Commonwealth of Kentucky may commence proceedings to enforce this section, and the Attorney General shall in undertaking these proceedings exercise all powers and perform all duties that a prosecuting attorney would otherwise perform or exercise.

**Effective:** July 15, 1998

**History:** Created 1998 Ky. Acts ch. 426, sec. 24, effective July 15, 1998.

#### **194A.510 Defense in prosecution.**

In any prosecution for the violation of KRS 194A.505, it shall be a defense if the person relied on the advice of an employee or agent of the cabinet.

**Effective:** July 15, 1998

**History:** Created 1998 Ky. Acts ch. 426, sec. 25, effective July 15, 1998.

#### **194A.515 Access to criminal records by cabinet's agents.**

For the purpose of enforcing the provisions of KRS 194A.505 and KRS 205.8451 to 205.8483 and of investigating any assistance program administered by the cabinet, the designated agents of the cabinet shall have the same access as peace officers to records maintained under KRS 17.150.

**Effective:** July 15, 1998

**History:** Created 1998 Ky. Acts ch. 426, sec. 26, effective July 15, 1998.

#### **194A.990 Penalties.**

- (1) Any person who violates the provisions of KRS 194A.505(1), (2), or (7) shall be guilty of a Class A misdemeanor, unless the sum total of benefits received in excess of that to which the person was entitled at the time of the offense was committed is valued at or over one hundred dollars (\$100), in which case it is a Class D felony.
- (2) Any person who violates KRS 194A.505(3) shall be guilty of a Class D felony.
- (3) Any person who violates the provisions of KRS 194A.505(4) or (5) shall be guilty of a Class C felony.
- (4) Any person who violates the provisions of KRS 194A.505(6) shall be guilty of a Class D felony, unless the purpose of the violation is to obtain ten thousand dollars (\$10,000) or more, in which case it shall be a Class C felony.
- (5) Any person who violates KRS 194A.505(1) to (6) shall, in addition to any other penalties provided by law, forfeit and pay a civil penalty of payment to the cabinet in the amount of all benefits and payments to which the person was not entitled.



- (6) Any provider who violates KRS 194A.505(1) to (6) shall, in addition to any other penalties provided by law, including the penalty set forth in subsection (5) of this section, forfeit and pay civil penalties of:
- (a) Payment to the State Treasury's general revenue fund in an amount equal to three (3) times the amount of the benefits and payments to which the person was not entitled; and
  - (b) Payment to the State Treasury's general revenue fund of all reasonable expenses that the court determines have been necessarily incurred by the state in the enforcement of this section.

**Effective:** July 15, 1998

**History:** Created 1998 Ky. Acts ch. 426, sec. 28, effective July 15, 1998.